

PERSPECTIVES

ON LABOUR AND INCOME

Minimum wage

Minimum-wage legislation exists in every province and territory as part of employment standards legislation. The minimum wage is the lowest pay rate employers can pay employees covered by the legislation. To evaluate the potential impact of an amendment to minimum-wage legislation, it is important to understand who works for minimum wage and what types of

jobs those people hold. In this article, workers who receive less than minimum wage are included in the estimates. The presence of such workers does not necessarily indicate a violation of the current legislation as they may not be covered by the legislation or they may simply be subject to rates below minimum wage (see *Data source and definitions*).

Data source and definitions

The **Labour Force Survey (LFS)** is a monthly household survey of about 54,000 households across Canada. Demographic and labour force information is obtained for all civilian household members 15 years of age and older. Excluded are persons living in institutions, on Indian reserves, or in the territories.

Every province and territory stipulates a minimum wage in its employment legislation. It is an offence for employers to pay eligible employees less than the set rate, regardless of how remuneration is calculated (hourly, daily, weekly, monthly, or on a piecework basis). Likewise, employees are prohibited from accepting pay that is less than the applicable minimum. The minimum-wage rate varies from province to province, and changes can take effect any time of the year.

The self-employed are not covered by minimum wage legislation and as such are not included in the analysis. Unpaid family workers are also excluded.

Other exclusions and special coverage provisions vary and include young workers (Ontario and Newfoundland and Labrador), workers with disabilities (Alberta, Manitoba and Saskatchewan—rarely used), domestic and live-in care workers (New Brunswick, Prince Edward Island, Manitoba and Quebec), farm labour (Alberta, Manitoba, Ontario and Saskatchewan), and home-based workers (for example, teleworkers and pieceworkers in the clothing and textile industry). Other specific minimums cover non-hourly and tip-related wage rates (for example, Ontario has a special

minimum-wage rate for employees who serve alcoholic beverages in licensed establishments). A more complete description of exclusions and special rates is available from Human Resources and Skills Development Canada's minimum-wage database (<http://srv116.services.gc.ca/wid-dimt/mwa/>).

The number of employees working for minimum wage was calculated using the applicable minimum wage for experienced adult workers (also known as the general adult rate) for each province for each month of 2009. The annual average for each province is based on the average of these 12 monthly observations, while the total for Canada corresponds to total provincial averages.

To determine whether an employee worked at or below the general adult-rate wage for each province, hourly earnings were calculated based on the reported wage or salary before taxes and other deductions. Hourly wages and salaries, including tips, commissions and bonuses, were used as reported. The remaining wage rates were converted to an hourly rate for regular weekly work hours. In principle, tips, commissions and bonuses should have been excluded to capture only those whose true base hourly wage was at or below the provincial general adult rate, but the required information is not collected. The result is a slight downward bias in the number of employees working at or below the official general adult rate set by each province. However, none of the exclusions or special minimum-wage rates (such as special minimum-wage rates for tip earners and young workers) were used, which introduces an upward bias.



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Table 1 Lowest proportion of minimum-wage workers in Alberta

	Total employees	Minimum wage		General adult minimum wage	Date	Average hourly wage	Unemployment rate	Minimum wage + 10%
		Total	Incidence					
	'000	'000	%	\$/hour		\$/hour	%	Frequency (%)
Province								
Newfoundland and Labrador	194.2	18.1	9.3	9.00	July 2009	19.59	15.5	15.2
Ontario	5,503.9	447.5	8.1	9.50	March 2009	22.75	9.1	14.1
Nova Scotia	392.1	26.6	6.8	8.60	April 2009	19.00	9.2	12.5
Quebec	3,279.6	200.8	6.1	9.00	May 2009	20.80	8.5	10.2
Canada	14,147.2	817.0	5.8	22.05	8.3	10.3
New Brunswick	323.6	17.1	5.3	8.25	September 2009	18.67	8.9	10.9
Prince Edward Island	59.3	3.1	5.2	8.40	October 2009	17.73	12.0	13.0
Manitoba	523.4	24.2	4.6	9.00	October 2009	19.88	5.2	10.0
Saskatchewan	421.3	16.4	3.9	9.25	May 2009	21.55	4.8	10.2
British Columbia	1,813.3	41.2	2.3	8.00	November 2001	22.22	7.6	4.0
Alberta	1,636.4	22.1	1.3	8.80	April 2009	24.70	6.6	3.5

Source: Statistics Canada, Labour Force Survey, 2009.

In 2009, some 817,000 people were working at or below the provincial minimum wage. This represents 5.8% of all employees in Canada, a slight increase compared with the 5.2% recorded the previous year. The minimum wage ranged from \$8.00 per hour in British Columbia to \$9.50 per hour in Ontario. Newfoundland and Labrador had the highest proportion of employees working at minimum wage (9.3%), while Alberta had the lowest proportion by far (1.3%). Alberta also had the highest average hourly wage, at \$24.70, and one of the lowest unemployment rates (6.6%). Conversely, Newfoundland and Labrador had one of the lowest average hourly wages, at \$19.59, and the highest unemployment rate (15.5%). High unemployment rates and low average hourly wages do not necessarily coincide with a higher incidence of working at minimum wage: Prince Edward Island,

which had the second-highest unemployment rate and the lowest average hourly wage, had the sixth highest incidence of working at minimum wage.

The provincial variation in the incidence of working at minimum wage is related to a number of factors, including the provincial minimum wage level¹ and the distribution of wages within each province. When the concept of minimum wage is expanded to a definition that is closer to that of low earnings (minimum wage plus 10%), certain provinces show similar low earnings even though they have quite different incidences of minimum wage. For example, Quebec and Saskatchewan respectively showed incidences of 6.1% and 3.9% of working at minimum wage, but had exactly the same incidence of low earnings as defined here, at 10.2%.

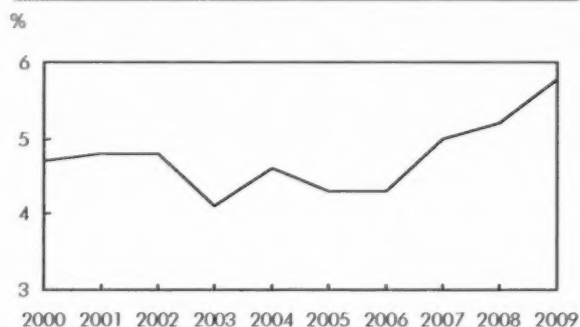
Table 2 Rate of employees working for minimum wage or less, by province

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Canada	4.7	4.8	4.8	4.1	4.6	4.3	4.3	5.0	5.2	5.8
Newfoundland and Labrador	8.7	5.7	7.4	8.4	6.5	6.1	7.6	7.4	7.7	9.3
Prince Edward Island	3.7	3.2	4.4	4.0	4.4	5.1	4.7	6.9	5.6	5.2
Nova Scotia	4.9	4.1	4.6	5.9	5.6	5.1	5.9	6.2	6.4	6.8
New Brunswick	6.0	4.2	4.2	4.1	2.5	3.1	4.1	5.6	4.8	5.3
Quebec	5.4	7.0	6.1	5.1	4.4	4.6	4.2	5.4	5.9	6.1
Ontario	4.6	4.1	3.9	3.5	5.3	4.3	4.7	6.3	6.6	8.1
Manitoba	5.1	4.5	4.8	4.5	4.9	4.9	4.8	5.5	5.3	4.6
Saskatchewan	5.9	4.4	4.8	5.0	3.3	3.9	5.4	3.2	3.8	3.9
Alberta	2.0	1.5	1.1	1.1	0.9	1.5	1.7	1.2	1.6	1.3
British Columbia	4.5	6.0	7.7	5.6	6.2	5.6	4.6	3.4	2.7	2.3

Source: Statistics Canada, Labour Force Survey.

All provinces increased their minimum-wage rates in 2009 except British Columbia, whose rate has remained unchanged since November 2001. The number and proportion of minimum-wage workers increased in six provinces: Ontario, New Brunswick, Newfoundland and Labrador, Nova Scotia, Quebec and Saskatchewan. They decreased in the other four provinces: British Columbia, Manitoba, Prince Edward Island and Alberta.

Overall, the proportion of employees working at minimum wage increased for a third consecutive year in Canada. The increase from 2008 to 2009 (0.6 percentage points) is greater than that recorded from 2007 to 2008.

Chart A Proportion of employees earning minimum wage increased for the third consecutive year

Source: Statistics Canada, Labour Force Survey.

Table 3 Women and young people occupy most minimum-wage jobs

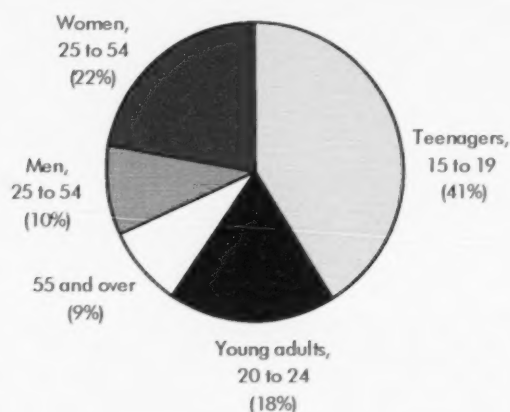
	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Both sexes			
15 and over	14,147.2	817.0	5.8
15 to 24	2,344.7	484.5	20.7
15 to 19	885.3	334.9	37.8
20 to 24	1,459.4	149.6	10.3
25 and over	11,802.5	332.5	2.8
25 to 34	3,241.1	93.8	2.9
35 to 44	3,188.4	84.9	2.7
45 to 54	3,393.7	81.6	2.4
55 and over	1,979.3	72.2	3.6
Men			
15 and over	7,030.4	305.6	4.3
15 to 24	1,152.4	198.8	17.2
15 to 19	424.4	141.5	33.3
20 to 24	728.0	57.2	7.9
25 and over	5,878.0	106.9	1.8
25 to 34	1,655.3	33.2	2.0
35 to 44	1,599.4	24.9	1.6
45 to 54	1,641.7	21.3	1.3
55 and over	981.7	27.5	2.8
Women			
15 and over	7,116.8	511.4	7.2
15 to 24	1,192.3	285.8	24.0
15 to 19	460.9	193.4	42.0
20 to 24	731.4	92.4	12.6
25 and over	5,924.4	225.6	3.8
25 to 34	1,585.8	60.7	3.8
35 to 44	1,589.0	59.9	3.8
45 to 54	1,752.0	60.3	3.4
55 and over	997.6	44.7	4.5

Source: Statistics Canada, Labour Force Survey, 2009.

Women are more likely to work for minimum wage than men. In 2009, they represented just over 60% of minimum-wage workers, although they made up one-half of employees. The overrepresentation of women in this category of workers is observable among all age groups, but more significantly for women 25 years of age and over, whose rate was twice as high as that of men the same age.

In 2009, close to 60% of minimum-wage workers were under the age of 25, while this group represented only 17% of all employees. The incidence of working at minimum wage among this age group was almost seven times higher than that of workers 25 and over, at 21% versus 3% respectively. Some 38% of teenagers 15 to 19 years of age worked for minimum wage and made up slightly more than 40% of all minimum-wage workers. The majority of these teenagers attended school on a full-time or part-time basis² (85%). Young adults (20 to 24) made up 18% of minimum-wage workers and, of that number, 44% attended an educational institution on a full-time or part-time basis.

Chart B Persons under 25 and women from 25 to 54 account for 81% of minimum-wage workers



Source: Statistics Canada, Labour Force Survey, 2009.

Those with less than a high school diploma were five times more likely to work for minimum wage (or at a lower wage) than those with at least some postsecondary studies—1 in 6 compared with 1 in 28. In addition, more than one-third of minimum-wage workers did not have a high school diploma (34%) compared with 11% for all employees. This reflects the high rates of minimum-wage work among teenagers from 15 to 19, most of whom had not completed their studies.

A significant proportion (32%) of minimum-wage workers were between the ages of 25 and 54, which is slightly higher than in 2008 (29%). Once again, women comprised the majority of these workers. Since people in this age group have for the most part completed their studies, working for minimum wage is less likely to be a transitional stage for them.

In general, the incidence of working for minimum wage decreases significantly with age, with the exception of workers 55 and over, whose rate increases slightly compared to those from 45 to 54.

Table 4 Education makes a difference

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Education	14,147.2	817.0	5.8
Less than high school	1,616.2	280.2	17.3
Less than grade 9	285.2	33.5	11.8
Some high school	1,331.0	246.7	18.5
High school graduate	2,847.8	187.9	6.6
At least some postsecondary	9,683.2	348.9	3.6
Some postsecondary	1,213.0	119.7	9.9
Postsecondary certificate or diploma	4,667.2	140.3	3.0
University degree	3,803.0	88.9	2.3

Source: Statistics Canada, Labour Force Survey, 2009.

Table 5 Minimum-wage workers by industry

Industry	Total employees '000	Minimum wage	
		Total '000	Incidence %
Industry	14,147.2	817.0	5.8
Goods-producing	3,022.6	66.1	2.2
Agriculture	118.2	16.9	14.3
Forestry, fishing, mining, oil and gas	272.3	3.8	1.4
Construction and utilities	942.5	10.4	1.1
Manufacturing	1,689.7	35.1	2.1
Service-producing	11,124.6	750.9	6.8
Trade	2,337.9	288.5	12.3
Transportation and warehousing	676.6	18.0	2.7
Finance, insurance, real estate and leasing	901.5	23.6	2.6
Professional, scientific and technical	781.2	12.4	1.6
Management, administrative and other support	492.1	29.4	6.0
Education	1,134.8	28.5	2.5
Health care and social assistance	1,717.8	32.1	1.9
Information, cultural, arts and recreation	645.6	43.2	6.7
Accommodation and food	965.9	217.0	22.5
Public administration	926.5	10.9	1.2
Other services	544.6	47.4	8.7

Source: Statistics Canada, Labour Force Survey, 2009.

Minimum-wage work was concentrated in the service sector (92%), especially in the accommodation and food services sector, which had by far the highest incidence, with more than one in five workers in a minimum-wage job. The trade sector also had a high rate, with one in eight workers in this type of job. These sectors are especially populated with a high concentration of young people and part-time workers who often have less work experience and fewer labour market connections. In general, the jobs in these sectors do not require specialized skills or postsecondary education, and they have low levels of unionization. They also include numerous part-time jobs, associated with a higher proportion of women and young people.

The agriculture sector also had a high proportion of minimum-wage or low-wage workers (one in seven workers). Farm labour is not subject to minimum-wage provisions and workers are seldom unionized. Nevertheless, these workers sometimes receive non-wage benefits, which in part compensate for their low wages (for example, free room and board).

Highly unionized sectors such as construction and utilities, manufacturing and public administration were among those with the lowest percentages of minimum-wage workers in 2009.

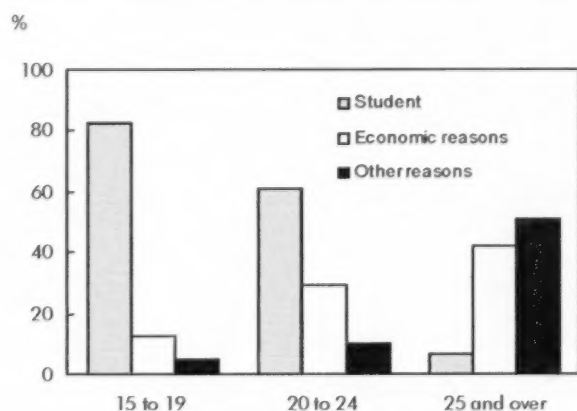
The rate of minimum-wage work was six times higher among part-time workers than full-time workers (19% versus 3%). In fact, almost 60% of minimum-wage workers held part-time jobs, compared with less than 20% for all employees.

Table 6 Part-time employment prominent among minimum-wage workers

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Both sexes	14,147.2	817.0	5.8
Men	7,030.4	305.6	4.3
Women	7,116.8	511.4	7.2
Full-time	11,536.9	334.3	2.9
Men	6,231.1	132.1	2.1
Women	5,305.9	202.2	3.8
Part-time	2,610.2	482.8	18.5
Men	799.3	173.6	21.7
Women	1,810.9	309.2	17.1

Source: Statistics Canada, Labour Force Survey, 2009.

Chart C Most young part-timers earning minimum wage are pursuing their studies



Source: Statistics Canada, Labour Force Survey, 2009.

Teenagers and young adults represented 60% and 17% respectively of all minimum-wage workers in part-time jobs. The vast majority of these young workers (78%) held this type of job while pursuing their studies. Among workers 25 and over, economic conditions³ (lack of full-time jobs or their current economic situation) were mentioned by 42% of them to explain why they held part-time jobs.⁴

Table 7 Minimum-wage jobs are generally short tenure and rarely unionized

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Job tenure	14,147.2	817.0	5.8
1 to 3 months	952.5	141.9	14.9
4 to 6 months	815.9	99.4	12.2
7 to 12 months	1,219.4	142.0	11.6
13 to 60 months	4,848.7	325.2	6.7
61 months or more	6,310.7	108.5	1.7
Firm size	14,147.2	817.0	5.8
Less than 20 employees	2,704.3	245.9	9.1
20 to 99 employees	2,309.0	128.4	5.6
100 to 500 employees	2,046.1	87.7	4.3
More than 500 employees	7,087.8	355.1	5.0
Union membership	14,147.2	817.0	5.8
Union member or covered by collective agreement	4,447.3	87.0	2.0
Non-member and not covered by collective agreement	9,699.9	730.0	7.5

Source: Statistics Canada, Labour Force Survey, 2009.

Close to one-half of minimum-wage workers have held their jobs for one year or less, compared to less than one-quarter (21%) of all employees. The highest incidence of minimum-wage work was observed among those who had held their jobs for three months or less (15%) and the lowest incidence was among those who had held their jobs for more than five years (2%). With time, higher levels of education and greater experience, workers appear able to leave their minimum-wage jobs or get wage increases that allow them to remain above the current minimum wage.

In 2009, more than four in ten minimum-wage workers were in large firms (more than 500 employees) and three in ten workers were in small firms (less than 20 employees). The incidence of minimum-wage work was nonetheless higher in small firms—close to twice that in large firms.

In fact, only 11% of minimum-wage workers belonged to a union or were covered by a collective agreement, compared with close to one-third for all employees. Only 2% of unionized employees worked for minimum wage versus 8% of non-unionized workers.

Table 8 Most minimum-wage workers live with their parents

	Total employees	Minimum wage	
		Total	Incidence
	'000	'000	%
Member of a couple¹	8,222.1	217.8	2.6
Spouse employed	6,570.5	161.3	2.5
Earning minimum wage or less	133.8	15.3	11.4
Earning more than minimum wage	5,477.4	118.6	2.2
Self-employed	959.3	27.5	2.9
Spouse unemployed	1,619.4	55.5	3.4
Head of household, no spouse	998.0	44.4	4.4
Youngest child less than 18	494.1	19.6	4.0
Youngest child age 18 to 24	147.7	4.4	3.0
No child or child age 25 and over	356.1	20.3	5.7
Son, daughter or other relative living with family²	2,587.8	452.1	17.5
Student, full time	656.6	238.2	36.3
Student, part time	105.9	16.7	15.8
Not a student	1,813.1	207.1	11.4
Single	2,339.4	91.5	3.9
Living alone	1,552.4	45.0	2.9
Student, full or part time	75.8	6.0	7.8
Not a student	1,431.4	35.2	2.5
Living with non-related persons	786.9	46.5	5.9
Student, full or part time	85.4	9.3	10.9
Not a student	697.5	37.0	5.3

1. The sum of persons with a working or non-working spouse does not add up to the total number of persons with spouses since certain spouses may have been outside the target group.

2. The question concerning education status was not asked for persons 65 and over. For this reason, the sum of the totals based on education status for "non-family persons" and "son, daughter or other relative living with the family" is not exactly equal to the total number of persons for those two categories.

Source: Statistics Canada, Labour Force Survey, 2009.

Close to 60% of all minimum-wage workers lived with their parents or with another family member. Of this number, 55% were studying at least part time. Workers living with their parents or with another family member also had the highest rate of minimum-wage work (18%), three times higher than the overall rate. Students in this group have the highest rates with an incidence of minimum-wage work of 36% for full-time students and 16% for part-time students. For many of these workers, this situation allows them to complete their studies and gain job experience.

More than one-quarter of all minimum-wage workers were living with a spouse. However, the incidence of minimum-wage work among this group was quite low (3%) and substantially lower than the rate for all employees. Close to three-quarters of them were living with a working spouse who, in most cases, was earning more than minimum wage (74%).

■ Notes

1. Certain provinces apply lower minimum-wage rates for certain special categories of workers such as students, workers who earn tips and other exceptions, which also vary from province to province. Ontario minimum-wage legislation thus provides a special minimum-wage rate that applies to students under the age of 18 who work up to 28 hours per week or during school holidays.

2. The estimate of students is based on an average eight-month school year (from January to April and September to December 2009).

3. This category includes persons who sought full-time employment and those who did not seek any.

4. The "Other reasons" category includes persons who provided one of the following reasons to explain working part time: family responsibilities, personal choice or other reasons.

Perspectives

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